

Responses to Questions regarding the Prospectus under Solicitation #: CC-BLRI003-15

Below please find the National Park Service (NPS) responses to questions submitted in regard to the Prospectus for a Concession Business Opportunity to provide lodging, food & beverage and retail services at Pisgah Inn within the Blue Ridge Parkway (Solicitation #: CC-BLRI003-15)

- 1. Question:** How will the NPS handle the situation if the sprinkler systems wind up costing more than the estimated amount \$550 - \$600K?

Answer: The Concessioner will complete the project, to the extent possible, within the estimated cost.

- 2. Question:** In the prospectus, it is stated that the sprinkler project will entitle the Concessioner to little or no LSI. Please explain what would qualify as "little" LSI. What items, areas, or portions of the CFIP would constitute the "little" LSI?

Answer: The Draft Contract provides that the Concessioner will obtain LSI in capital improvements it constructs in accordance with the terms of the Draft Contract. The Draft Contract defines "capital improvements" as the construction of "structures" and "major rehabilitations," and, the installation of "fixtures" (including nonremovable equipment) as the Draft Contract defines these terms. Title 36 of the Code of Federal Regulations, Section 51.51 defines LSI.

- 3. Question:** What is the coil count of the mattresses?

Answer: The NPS does not know the mattress coil count. The minimum requirements for mattresses are found in the Draft Contract Exhibit B ("Operating Plan") Section 11 (B).

- 4. Question:** What is the age of the mattresses? Acceptable answers might be 15 are 3 years old, 5 are 1 year old, etc.

Answer: Dorms: 52 single (2008). Building A: 4 queen and 1 king (2006). Building B: 42 double (2006), 3 queen (2008), and 2 king (2006). Building C: 12 double (2006) and 12 king (2011)

- 5. Question:** Do any of the rooms have air conditioning? If so, which rooms?

Answer: None of the sleeping rooms are air conditioned

- 6. Question:** There are approximately 7 water heaters in the basement of the building with the office. Are they all operable? How are they connected? (i.e.: all in parallel for buildings, a,b,c or 2 is for building a, etc. What is the age of the water heaters? If they are for one building, how is the water heated for the other buildings?

Responses to Questions regarding the Prospectus under
Solicitation #: CC-BLRI003-15

Answer: The hot water supply system for the facilities is operable. The water heaters in the basement include: (1) 40 gallon (2007), (3) 119 gallon (1988), (1) 75 gallon installed in 2000, (2) 75 gallon 2007, and (1) 84 gallon (2007).

- 7. Question:** The business opportunity indicates a seating capacity of 140. How was that determined? Currently there are 118 chairs and table seating for 122. Why the difference?

Answer: The Existing Concessioner installed a partition between the existing kitchen doors to help reduce the kitchen noise bleeding over into the dining area. The NPS did not approve the design or installation of the partition. The NPS would consider the Concessioner either removing the partition or replacing the existing with a less intrusive design.

- 8. Question:** FMSS Code #4881 has an insurance replacement value of \$993,461, yet the LSI value is \$2,161,365. Is there any consideration to buy down the LSI value by the NPS? We understand that the franchise fee minimum was based on this value LSI (and the opportunity), but it is difficult to go to banks showing an actual value of the property and a "fictional" value for the property that we must pay.

Answer: The NPS currently does not have plans to buy down the LSI value. However, the Director at any time during the term of the Contract or after its termination or expiration may in his discretion pay the Concessioner the then applicable Leasehold Surrender Interest Value in all or portions of the related capital improvements in which the Concessioner holds a Leasehold Surrender Interest under the terms of the Contract.

Potential Offers should note that Insurance Replacement Values (IRVs) are used in the NPS Commercial Services Program to determine the minimum real property insurance coverage a concessioner is required to maintain for a Federal facility (a building, marina, or fuel system). This insurance coverage is required by the Draft Contract.

The insurance estimates are developed and maintained in an industry standard Marshall & Swift insurance valuing software database that is updated quarterly to account for changes in market conditions.

Please refer to question 24 in regards to the calculation of LSI.

- 9. Question:** Page 3 shows Historical Review. What is the "Cash discounts on Purchases"? Is that for retail, food or lodging or some combination?

Responses to Questions regarding the Prospectus under
Solicitation #: CC-BLRI003-15

Answer: Cash discounts on purchases (also known as sales discounts) are an authorized deduction which may be taken when discounts extended to customers are included in gross receipts. The amount recorded on the Annual Financial Report would depend on the Concessioner's sales policies.

10. Question: Can the NPS provide any breakdown of Retail sales between the gift shop and the country store? Or a percentage of either?

Answer: A historical breakdown of sales between the two outlets is not available. The Existing Concessioner reported that approximately 70% of retail sales revenue is generated in the gift shop, and the remaining 30% in the Country Store.

11. Question: In Principal Selection Factor 3, there is a 3a, 3c, and 3d. There is no 3b. Is this intentionally omitted?

Answer: This was an unintentional oversight on the part of the NPS. Offerors should respond to the questions using the numbers provided (i.e., 3a, 3c and 3d).

12. Question: When it rains, as it did the week of the site visit, the doors, particularly in FMSS Code #4881 permit large quantities of water to seep under the door. The staff comes with a shop vacuum, to remove the water. According to the staff, this is a frequent occurrence when it rains. Why is there not a remedy in the deferred maintenance for this repair? Is there any estimated cost for this repair?

Answer: The condition assessment of the facilities completed in 2012 did not observe the issue with the doors as described in the question. The NPS notes that there was light rain falling during the condition assessment site-visit. For all repair costs, Offerors must develop their own estimates.

13. Question: There is a card/key system in place for the guest rooms. The card system is not used as it was determined that there were too many problems with it, according to the staff. The keys are ornery, with some locks you have to turn to left, some to right, some lift handle after turning, etc. Why is there not a remedy in the deferred maintenance for this repair? Is there any estimated cost for this repair?

Answer: The condition assessment of the facilities completed in 2012 did not observe the issue with the keys as described in the question. For all repair costs, Offerors must develop their own estimates.

14. Question: The prospectus has a section of backflow prevention. Is the Existing Concessioner's backflow prevention equipment up to code? Has it been checked and inspected? Are any remedies required to bring it to code as required by the NPS?

Responses to Questions regarding the Prospectus under
Solicitation #: CC-BLRI003-15

Answer: The NPS is unaware of any issues with the Existing Concessioner's backflow prevention equipment. The US Public Health Service conducts annual operational inspections of the facilities to ensure the property is compliant with Federal Safe Water Act (P.L. 93-523), the North Carolina State Administrative Code (Title 15A, Subchapter 18C, Subparagraph .0406), and all other State and Federal regulations are met.

15. Question: Fire hydrants: Please indicate the number and location of fire hydrants for the property. Are they to be maintained by the Concessioner or the NPS? (This is for insurance estimating purposes.)

Answer: There are 10 hydrants:

- 2 adjacent to the driveway behind the Restaurant,
- 1 adjacent to the driveway in front of Building A,
- 1 adjacent to the parking lot in front of Building B,
- 1 between buildings B and C,
- 2 adjacent to the parking lot in front of Building C,
- 1 to the east of Building C,
- 1 adjacent to the driveway in front of Dorm #3, and
- 1 adjacent to the driveway next to the Country Store.

The Concessioner must maintain all fire hydrants within the Concessioner's land assignment, including the maintenance, repair, testing, and painting of all fire hydrants on water mains within the Concessioner's land assignment. Refer to the Draft Contract Exhibit H ("Maintenance Plan") for further information.

16. Question: Has there been any local forest fire over the past 4 years? If yes, to what extent? How far is the local fire department? (This is for insurance estimating purposes.)

Answer: No forest fires have occurred in the Pisgah Inn area in the last 4 years. The Cruso Volunteer Fire Department in Canton, NC, is approximately 14.3 miles from the Pisgah Inn.

17. Question: Please provide for 2013, the annual water & sewage billing by the NPS for the concession operation and the rate per gallon.

Answer: The Existing Concessioner paid \$26,402 in 2013 for water and sewage use at the rate of \$9.35 per 1,000 gallons

18. Question: Is this contract by its effective date, subject to the federal minimum wage law provision of \$10.10 per hour?

Responses to Questions regarding the Prospectus under
Solicitation #: CC-BLRI003-15

Answer: No, this contract will not be affected by Executive Order -- Minimum Wage for Contractors. The Order applies to solicitations issued on January 1, 2015, or later.

19. Question: For maintaining the lawns, is there an existing sprinkler system in place? If so, how is the lawn watered?

Answer: The lawn does not have an underground sprinkler system. The Existing Concessioner waters the lawn using of garden hoses and moveable sprinklers.

20. Question: Can you provide any information on electric usage for the concession operation?

Answer: The average monthly bill is \$10,000 from April – October. The Existing Concessioner paid approximately \$110,000 for these utilities in 2013.

21. Question: Can you provide any information on LP usage for the concession operation?

Answer: The Existing Concessioner has storage capacity for 3,000 gallons. The gas company comes once a week during operation season to top off the tanks.

22. Question: Please define what is included in the \$200,000 worth of deferred maintenance outlined in the prospectus

Answer: Please refer to Draft Contract Exhibit H ("Maintenance Plan"), Attachment 1 for the anticipated list of deferred maintenance.

23. Question: Please provide a list of all current personal property to be made available by the Existing Concessioner.

Answer: The personal property listing is included in the prospectuses appendices. Please see Appendix D. Please review the Business Opportunity (Tab II), Personal Property and Inventory (page 11): "The Existing Contract has no requirement that the Concessioner purchase the personal property or inventory held by the Existing Concessioner".

24. Question: What is the estimated value of the leasehold surrender interest at the end of the contract period? Please explain how this is calculated.

Answer: The Procedures for Establishing the Value of a Leasehold Surrender Interest is located in the Draft Contract (Tab V), Section 17, Compensation, paragraph (c).

Responses to Questions regarding the Prospectus under
Solicitation #: CC-BLRI003-15

25. Question: Can peak season rates differ from off season rates?

Answer: Please refer to Draft Contract, Section 3, Services and Operations, Draft Contract Exhibit B ("Operating Plan"), Section 4(D) and Appendix I ("Concession Management Rate Administration Guide Paragraph Rates").

26. Question: In the event of catastrophe, i.e. fire, flood, or other natural disaster, how is the monetary value of the asset determined and resolved?

Answer: Please refer to Draft Contract (Tab V) Section 17, Compensation, and Draft Contract Exhibit I ("Insurance Requirements").

27. Question: Is the outdoor space included in the concession subject to state and/or federal open container laws?

Answer: Please refer to Appendix K ("Superintendent's Compendium"), Section 36 CFR §2.35 –ALCOHOLIC BEVERAGES and CONTROLLED SUBSTANCES

(a)(3)(i) All public use areas, portions of public use areas, and/or public facilities within the park are closed to consumption of alcoholic beverages, and/or to the possession of a bottle, can or other receptacle containing an alcoholic beverage that is open, or has been opened, or whose seal has been broken or the contents of which have been partially removed except:

- Designated picnic areas between 8 a.m. and 9 p.m. (overlooks not included)
- In developed campgrounds by registered campground users and their guests.
- People legally occupying backcountry camping areas overnight.
- Employee residential areas
- Special events with the Superintendent's approval
- Concession operated lodging and dining facilities

28. Question: Can outdoor spaces be utilized for outdoor vending of concessions?

Answer: Please refer to Draft Contract Exhibit B ("Operating Plan"), Section 11 (G) "Vending (Authorized)" on page B-20.

29. Question: May the Concessioner provide fresh grab-and-go offerings for campground store visitors?

Answer: Draft Contract Exhibit B ("Operating Plan"), Section 11 (C) states that the Concessioner may provide "grab and go" foods at the restaurant and retail stores. If offered, "Grab and go foods" should include healthy and sustainable food options in a range that provides for a wide variety of visitors, including

Responses to Questions regarding the Prospectus under
Solicitation #: CC-BLRI003-15

vegetarian, heart healthy, and light eater's entrées and children's menus to meet customer demand.

30. Question: Will the service allow the Concessioner to operate hors d'oeuvre carts to properly manage high density of guests and visitors?

Answer: The Draft Contract and Draft Contract Exhibit B ("Operating Plan") allow food service in the restaurant and country store, subject to NPS review and approval.

31. Question: What are the approved "Service" destinations referred to in Exhibit B: Operating Plan, Section E) Hiker Shuttle Service, item 1?

Answer: If the Concessioner chooses to offer a Hiker Shuttle, it must submit a plan including rates, routes, destinations and hours of operation for Service approval before operating.

32. Question: Is the Concessioner allowed to offer Interpretive Services beyond the scope of what is included on Exhibit B: Operating Plan, Section G) Interpretive Services? Please provide specific examples.

Answer: The requirements of the operating plan are broad in scope to encourage creativity; however, all interpretive displays and activities are subject to review and approval by the Service. Please refer to the Draft Contract, Section 7, Interpretation of Area Resources on page 9.